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10 *Counsel for the Official Committee of Unsecured Creditors*
11 *and the Post-Confirmation Oversight Committee as its successor in interest*

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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION**

In re:

THE LITIGATION PRACTICE GROUP,
P.C.,

Debtor.

Chapter 11

Case No. 8:23-bk-10571-SC

**STIPULATION BETWEEN THE
CHAPTER 11 TRUSTEE, DINSMORE &
SHOHL LLP AND THE OFFICIAL
COMMITTEE OF UNSECURED
CREDITORS REGARDING THE
SECOND AND FINAL CHAPTER 11
APPLICATION OF DINSMORE &
SHOHL LLP FOR COMPENSATION
AND REIMBURSEMENT OF EXPENSES
FOR THE PERIOD JULY 1, 2024
THROUGH SEPTEMBER 23, 2024**

Hearing

Date: January 14, 2025

Time: 10:00 a.m.

Ctrm: 5C – Via Zoom

Place: 411 West Fourth Street
Santa Ana, CA 92701

1 This Stipulation (“Stipulation”) is made and entered into by and between The Official
2 Committee of Unsecured Creditors (the “Committee”) of The Litigation Practice Group P.C., on the
3 one hand, and Richard A. Marshack, in his capacity as the chapter 11 trustee of The Litigation Practice
4 Group P.C. (the “Trustee”), and Dinsmore & Shohl LLP, special counsel to the Trustee (“Dinsmore,
5 and, together with the Committee and Trustee, the “Parties”), on the other hand, with respect to the
6 following:

7 **RECITALS**

8 A. On March 20, 2023 (the “Petition Date”), The Litigation Practice Group P.C. (the
9 “Debtor”), filed a voluntary petition under chapter 11 of title 11 of the United States Code, 11 U.S.C.
10 §§ 101 *et seq.* (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Central District
11 of California (the “Court”), commencing the above-captioned bankruptcy case (the “Bankruptcy
12 Case”).

13 B. On May 8, 2023, the Court entered an order [Docket No. 65] approving the
14 appointment of the Trustee.

15 C. On June 23, 2023, the Office of the United States Trustee appointed [Docket No. 134]
16 the Committee, which was amended [Docket No. 157] to increase the number of Committee members
17 on June 29, 2023.

18 D. On July 5, 2023, the Court entered an order [Docket No. 171] authorizing the
19 employment of Dinsmore & Shohl LLP as special litigation counsel to the Trustee (“Dinsmore”)

20 E. On September 3, 2024, Dinsmore filed its *First Chapter 11 Application of Dinsmore*
21 *& Shohl LLP for Compensation and Reimbursement of Expenses for the Period May 8, 2023 Through*
22 *June 30, 2024* (the “Dinsmore First Interim Application”) [Docket No. 1621].

23 F. On September 9, 2024, the Court entered the *Order Confirming Modified First*
24 *Amended Joint Chapter 11 Plan of Liquidation (Dated June 14, 2024)* [Docket No. 1646] (the
25 “Confirmation Order”), which confirmed the joint plan [Docket No. 1344] (the “Plan”) of the
26 Committee and the Trustee. As set forth more fully in the Confirmation Order and Plan, the Plan
27 establishes a liquidating trust (the “Trust”) governed and operated pursuant to that certain liquidating
28 trust agreement (the “Trust Agreement”) appended to the Plan. The Confirmation Order further

1 establishes a Professional Fee Claim Reserve (as that term is defined in the Confirmation Order) for
2 the payment of Allowed Professional Fee Claims.

3 G. On September 17, 2024, the Parties filed a stipulation [Docket No. 1698] to resolve
4 the Committee's informal objections to the Dinsmore First Interim Application (the "Interim Fee
5 Stipulation"). On September 20, 2024, the Court entered an order [Docket No. 1714] approving the
6 Interim Fee Stipulation (the "Interim Fee Stipulated Order").¹

7 H. On September 3, 2024, Dinsmore filed its *Second and Final Chapter 11 Application*
8 *of Dinsmore & Shohl LLP for Compensation and Reimbursement of Expenses for the Period July 1,*
9 *2024 Through September 23, 2024* [Docket No. 1900], as further supplemented [Docket No. 1991],
10 (the "Dinsmore Final Application").

11 I. Based on certain issues raised by the Committee concerning the Dinsmore Final
12 Application, the Parties have agreed to resolve any objection by the Committee to the Dinsmore Final
13 Application by amending and supplementing the Interim Fee Stipulated Order as set forth more fully
14 in this Stipulation.

15 STIPULATION

16 NOW, THEREFORE, the parties hereby stipulate and agree as follows:

17 1. The Holdback Amount is amended from \$650,000 to \$962,191. The Trustee shall
18 withhold from payment to Dinsmore \$962,191.00 of the allowed amount of fees and expenses
19 approved by the Court in its ruling on the Dinsmore Final Application.

20 2. The Trustee shall not include the Holdback Amount when calculating the cash
21 necessary to fund the Professional Fee Claim Reserve.

22 3. The Holdback Trigger set forth in the Interim Fee Stipulated Order is amended and
23 modified as follows:

24 Dinsmore shall be entitled to payment of the Holdback Amount as
25 follows:

26 ***First***, Dinsmore shall be entitled to payment of 50% of the Holdback
27 Amount, *i.e.*, \$481,095.50, from the Trust upon the Trust's recovery of

28 ¹ Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Interim
Fee Stipulated Order.

not less than \$3 million in total cash recoveries attributable to settlements, judgments, or other final resolutions of avoidance and other actions prosecuted by Dinsmore (at any time from and after commencement of the Bankruptcy Case without regard to whether such action was commenced before or after the Effective Date) which cash recoveries are received by the Trust on or after the Effective Date (the “Interim Holdback Payment”).

Second, Dinsmore shall be entitled to payment of the remaining 50% of the Holdback Amount, *i.e.*, \$481,095.50, from the Trust upon the Trust’s recovery of not less than \$6 million in total cash recoveries attributable to settlements, judgments, or other final resolutions of avoidance and other actions prosecuted by Dinsmore (at any time from and after commencement of the Bankruptcy Case without regard to whether such action was commenced before or after the Effective Date) which cash recoveries are received by the Trust on or after the Effective Date (the “Final Holdback Payment”).

For the avoidance of doubt, recoveries obtained by the Debtor’s estate (including recoveries funded to the Professional Fee Reserve) that are subsequently transferred to the Trust shall not be considered in calculating the Holdback Trigger regardless of whether such funds were transferred from the Trustee on behalf of the bankruptcy estate to the Trust pre-Effective Date or post-Effective Date.

4. In the event the Trust does not recover, on or after the Effective Date, \$6 million in total cash recoveries attributable to settlements, judgments, or other final resolutions of avoidance or other actions prosecuted by Dinsmore (at any time from and after commencement of the Bankruptcy Case without regard to whether such action was commenced before or after the Effective Date), then (i) Dinsmore shall disgorge the Interim Holdback Payment to the Trust without further order of the Court, and (ii) Dinsmore shall not be entitled to the Final Holdback Payment and any funds held or segregated by the Trustee or Trust on account thereof shall be transferred to the Trust for distribution to its beneficiaries.

5. The Trustee shall further withhold from payment to Dinsmore \$19,767.50 of the allowed amount of fees and expenses approved by the Court in its ruling on the Dinsmore Final Application (the “Fee Reduction”) attributable to certain fee entries related to claims addressed in *Marshack v. Bridge Funding Cap LLC, et al.*, Adv. Proc. No. 8:24-ap-01011-SC (the “Adversary Proceeding”). Dinsmore shall not receive payment of the Fee Reduction from the Estate or the Trust. However, Dinsmore may receive payment of the Fee Reduction to the extent its fee request (the “Adversary Fee Request”) is authorized and paid in full through an order granting the motion [Adv. Proc. Docket No. 206] filed in the Adversary Proceeding, as may be further amended, supplemented,

1 or modified. To the extent that less than the full amount of the Adversary Fee Request is approved
2 by the Court and paid to the Trust, Dinsmore shall be entitled to receive partial payment of the Fee
3 Reduction only to the extent that authorized and paid funds attributable to the Adversary Fee Request
4 remain after payment in full of the Net Adversary Fee Request.²

5 6. Upon entry of an order approving this Stipulation in its entirety, the Committee shall
6 waive any objection to the Dinsmore Final Application.

7 7. The Court shall retain jurisdiction to interpret and implement the provisions of this
8 Stipulation.

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10 DATED this 31st day of December 2024.

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12 **FOX ROTHSCHILD LLP**

13 By: /s/ Nicholas A. Koffroth
14 Keith C. Owens (Bar No. 184841)
15 Nicholas A. Koffroth (Bar No. 287854)
16 *Counsel for the Committee*

MARSHACK HAYS WOOD LLP

By: D. Edward Hays
D. Edward Hays (Bar No. 162509)
Laila Masud (Bar No. 311731)
870 Roosevelt
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Counsel for Chapter 11 Trustee

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18 **DINSMORE & SHOHL LLP**

19 By: U. Celentino
20 Christopher Celentino
21 *Special Counsel to Chapter 11 Trustee*

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28 ² “Net Adversary Fee Request” shall mean the difference between the Adversary Fee Request and the
Fee Reduction.